12 November 2025 Investors Banks Savings Banks

Markets & Trends 2026: The global economy – a new shuffle of the cards



- Helaba Research & Advisory presents its economic and capital market outlook for 2026
- German economy set to grow by 1.5 percent and close gap with euro zone in 2026
- Comprehensive structural reforms are a condition for sustained economic success
- Inflation of around 2 percent suggests no further ECB rate cuts ahead
- DAX expected to end 2026 at 25,000 points

The latest Economic and Capital Market Outlook **from Helaba's Research and Advisory team** is built around the theme "The global economy – a new shuffle of the cards." The world economy increasingly resembles a complex game of cards: in the past, all players drew from the same deck and followed well-known rules. Today, however, the deck is being reshuffled and redealt, and even the rules are changing mid-game – leaving uncertainty with a permanent seat at the table. Yet this

environment also presents opportunities. Those who adapt quickly, stay alert and play their new cards wisely can still emerge as winners. Against this backdrop, Helaba's Research & Advisory team has developed three scenarios inspired by this card-playing motif.

Baseline scenario: A new shuffle of the cards (probability: 70 percent)

US President Trump's policies have upended the rules of the game in the global economy, causing chaos and uncertainty. 2026 is set to be a year of damage control. For other players, though, this also offers an opportunity to experiment with new strategies in areas such as trade policy. Investment in artificial intelligence could spur economic growth. "There is also plenty of room for improvement in Germany and the EU when it comes to reducing excessive regulation and bureaucracy," says Dr. Gertrud Rosa Traud, Helaba's Chief Economist. In Helaba's analysis, central banks are no longer the dominant players in 2026; in contrast, fiscal policy in the United States and the EU is increasingly testing the envelope in terms of debt.

The global economy is expected to grow at roughly the same pace in 2026 as in the previous year. In Germany, growth will finally begin to pick up. "At 1.5 percent, Germany will no longer act as a drag on the euro zone," Dr. Traud predicts. In addition to rising consumer spending, more public investment as a result of the German government's fiscal stimulus packages should contribute to economic growth.

In Germany and the euro zone, the average annual rate of inflation is projected to remain slightly above the ECB's 2 percent target. "This will enable the ECB to maintain its neutral monetary stance", explains Dr. Traud. But central banks will need to tread carefully to avoid perceptions that they are seeking to support rising government debt through overly ac-commodative interest rates.

Asset classes in the baseline scenario

On the **bond markets**, a growing supply of government bonds is likely to encounter increasing investor scepticism, who will demand higher risk premiums. By the end of 2026, 10-year German government bonds are projected to yield around 3.0 percent.

Equity markets have already priced in much of the potential upside following largely valuation-driven price increases. Further gains will depend on a tangible improvement in corporate earnings. The predominance of downward revisions in the current reporting season gives reason for caution. Against this backdrop, the DAX is only expected to see a modest increase to around 25,000 points by the end of 2026.

German real estate prices are expected to continue rising. Residential properties remain in short supply – particularly in major metropolitan areas – sustaining upward pressure on prices. As affordability is unlikely to improve, the potential for additional gains appears limited. Retail

properties stand to benefit from higher consumer spending, while stronger economic activity should stimulate demand for office space.

There is little prospect that **gold** will see a repeat of its record-breaking performance in 2026. Nevertheless, the precious metal will continue to be supported by the Fed's ongoing interest rate cuts and the weakness of the US dollar. This is likely to drive gold prices to new record highs.

The decline in the **US dollar** is expected to continue through 2026. The US interest rate advantage will diminish as the Federal Reserve implements further rate cuts. The country's growth edge over the euro zone is also likely to narrow. In addition, US President Trump's policies will remain a source of uncertainty. By the end of 2026, the dollar is expected to be trading at around 1.20 to the euro.

Negative scenario: The house of cards collapses (probability: 20 percent)

A number of risks, such as escalating geopolitical tensions and more serious structural problems, materialise simultaneously. The global economy slips into a recession and financial markets react with volatility. Public finances come under strain and international collaboration becomes increasingly elusive. The house of cards – built on the pillars of the economic cycle, competitiveness, public finances, the global trade regime and security policy – proves unstable and collapses.

Germany's very export-oriented economy is disproportionately affected by trade conflicts and shrinks by around 2 percent. Inflation is tempered by falling oil prices and weak economic activity. In this challenging fundamental environment, the ECB resumes interest rate cuts and reduces the deposit rate to 1.25 percent. Due to heightened uncertainty, demand for safe-haven assets grows and the yield on 10-year German government bonds declines towards 1percent. A slump in corporate earnings, coupled with rising investor risk aversion, temporarily send the DAX tumbling to 16,000 points. The boom on the German real estate market comes to an abrupt standstill and property prices decline. The euro-dollar exchange rate falls to 1.05.

Positive alternative scenario: An ace yet to play (probability: 10 percent)

The global economy overcomes the impact of past crises. Thanks to artificial intelligence, investment and innovation drive economic growth. International co-operation strengthens, German competitiveness improves and public finances stabilise. The global trade regime is reinforced and geopolitical tensions ease.

The German economy grows by more than 2 percent. Despite stronger productivity gains and a decline in protectionism, the average inflation rate over the year exceeds 3.5 percent. Central banks adjust their monetary policy stance. As inflation rises and key rates are swiftly hiked, the yield on 10-year German government bonds reaches 4 percent. A rebound in industrial activity, coupled with

productivity gains, results in a significant increase in corporate profits that drives the DAX to 29,000 points. Robust economic growth lifts the German real estate market. The euro-dollar exchange rate rises to 1.30.

Contact



Rolf Benders

Head of Communication / Press Officer

+49 69 / 91 32 - 21 92

LinkedIn

Send a message